

# Group Standard Operations



Business Operations process  
forms the core of all our  
business activities

## Document Details

Document Details	Serco Business
<b>Reference</b> SMS GS-O1: Operations	<b>Version</b> 2.1
<b>Approval Date</b> July 2018	<b>Date for next review</b> September 2019
<b>Applicability</b> Serco Group covering all business regions, operating companies and business units throughout the world <sup>1</sup> covering: <ul style="list-style-type: none"> <li>- employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees)</li> <li>- wholly owned subsidiaries and majority-owned operations</li> </ul> Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard	
<b>Authority</b> Chief Executive, Serco Group plc	
<b>Accountable Policy Owner (Group)</b> Chief Executive Officer	
<b>Additional Information</b> Supporting standards, standard operating procedures and guidance relating to this Group Standard are available within the Serco Management System	
<b>Governance</b> Our policies and standards, together with any regional or market requirements and enhancements to them, are authorised through a robust governance process	
<b>Consequence Management</b> As a Group Standard the requirements detailed in this document are mandated and must be adhered to. Non-compliance will have consequences which may include disciplinary action. The Consequence Management Group Standard (SMS-GS-G1) details how instances of non-compliance will be dealt with	
<sup>1</sup> As used herein, Serco Group and its affiliates, subsidiaries and operating companies are referred to as 'Serco', the 'Company' or 'company', or 'we', 'us' or 'our'.	

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## 1 Objectives

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Because our business is diverse, with many different customer requirements, we do very different things nationally and globally. However, some fundamentals stay true across all of our operations. These include competent leadership; appropriate organisation structures; trained and equipped employees; good systems and processes; current, accurate and compliant contractual documentation; reliably managed and recorded performance data; regular and transparent customer communications; and effective internal reporting.

Consistency of these fundamentals gives our customers confidence in the minimum they can expect, protects our employees by providing a framework to work within, provides management with the necessary assurance that a consistent approach is being applied and, in doing so, creates a positive impact on the communities we operate within.

We will:

- set our strategy, objectives and targets and make these clear to our customers and our employees
- clarify, properly document and fully understand our contractual obligations and agree these with our customers
- ensure that we understand and comply with regulatory and statutory requirements
- ensure there is an appropriate governance structure in place and that roles are clearly defined
- meet regularly with our customers, create transparency of communications and openly review our performance
- use feedback from our customers to continuously improve and deliver high quality services
- maintain the integrity of performance data and manage performance in accordance with our obligations, properly recording and implementing changes in accordance with contractual obligations
- manage, maintain and store documents securely
- ensure that employees are managed, equipped with, trained and qualified to carry out their tasks and have good levels of engagement

- engage the appropriate stakeholders within the business to assist in delivery of our contractual obligations
- engage with the communities in which we work to deliver positive social and environmental outcomes

## 2 Policy Standards

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This Group Standard should be read in conjunction with all other SMS Group Standards. The operational requirements of these Group Standards are captured in the Requirements for Contract Management document<sup>1</sup>

### 2.1 Policy

The appropriate stakeholders and subject matter experts within the business shall work together to ensure that:

- S1. Operations policy, standards and management systems (including procedures and work instructions) will be defined, documented, have clear responsibilities allocated, be implemented and maintained
- S2. The legislative and regulatory requirements applicable to business operations will be understood and complied with. Divisions will take appropriate steps to monitor changes in requirements and take necessary steps to implement these
- S3. All commercial decisions, contract signatures and approved authorities will be in accordance with Serco Group plc Delegated Approval Authority<sup>2</sup> and the applicable Divisional Delegated Approval Authority
- S4. Transactions that are above the authority levels of the Divisional CEOs will be subject to Investment Committee<sup>3</sup> or Serco Group plc Board approval as appropriate
- S5. Systems and procedures will be appropriate and proportionate for the delivery of customer requirements, the management of business risks and achieve compliance with legal and regulatory requirements

<sup>1</sup> Requirements for Contract Management>SMS by Subject>Operations>Requirements

<sup>2</sup> See Delegated Authority GSOP SMS-GSOP-G4-3

<sup>3</sup> See Investment Committee GSOP SMS-GSOP-G4-01

S6. Systems and procedures will be regularly reviewed to ensure they reflect customer requirements, the requirements within the Serco Management System (SMS) and legal and regulatory responsibilities and requirements

## 2.2 Contract requirements and delivery

S7. The Bidding<sup>4</sup> and Transition<sup>5</sup> Group Standards detail how Contract Managers and Business Units will be involved during the business lifecycle, including sign off of operational design of any bid to ensure contractual obligations and requirements are understood and accepted<sup>6</sup>

S8. **Gate Sign-off Checklists** are available within the SMS. These detail the specific sign-off requirements of the business lifecycle process in the form of checklists from Gate 0 through to Gate 9. This includes checklists for Gate 8 annual contract reviews. Evidence must be retained for each annual contract review that the checklists have been followed and adhered to

S9. All material documents that govern Serco’s contractual relationships, including signed contract documents and variations, formal letters and relevant meeting minutes, will be provided, on an ongoing basis, to the Divisional Contract Management/Legal team to be physically held in a safe and secure manner and electronically filed in the Contract Management App. (CMA)<sup>7</sup>, or if security requirements dictate, the relevant secure system/storage solution

S10. Each operating contract will maintain a clear summary and understanding of current contractual requirements. All contracts with annual contract value (ACV) exceeding £5m (or equivalent), are required to use CMA for documentation storage, obligation tracking and performance reporting in accordance with the Contract Manager App GSOP<sup>9</sup>

S11. Extraction of contract management obligations will be completed by the Legal/Contracts team. The assignment of contract obligation ownership and frequency of reminders will be carried out in consultation between the Contracts/Legal team and the Contract Manager in accordance with the Contract Management App (CMA) GSOP<sup>8</sup>

S12. For Contracts with an ACV below £5m, the Division may elect to follow the above requirement in full; however all Contracts are required to use CMA for documentation storage. The table below summarises the applicability of CMA for Contracts of different ACV levels

ACV £	Documentation Storage*	Obligation Tracker	Performance Reporting
£5m pa and over	CMA	CMA	CMA
>£1m and <£5m pa	CMA	Local process or CMA	CMA
<£1m pa	CMA	Local process	Local process

\* Secure documentation is to be stored in accordance with specific secure storage requirements

S13. Objectives, priorities, key performance indicators and targets will be agreed with the customer to ensure the business has the capability to deliver the required services and meet customer requirements

S14. Service delivery requirements will be understood and documented, and processes will be implemented to deliver these at the required level of quality. These may be based on customer, contractual, regulatory or internal Serco requirements

S15. Each service delivery requirement will be allocated to an accountable and appropriately qualified owner

S16. Customer/contractual requirements will be mapped against applicable SMS policies, standards and procedures, including whether this is undertaken by the contract team, shared services or sub-contractors/suppliers

S17. Where there are conflicts between customer requirements and the SMS, these will be resolved in consultation with relevant stakeholders and approved by the immediate line manager with the outcome documented

<sup>4</sup> See Bidding Standard Ref: SMS-GS-BD1

<sup>5</sup> See Transition Standard Ref: SMS-GS-BD2

<sup>6</sup> See Bidding Group Standard Ref: SMS-GS-BD1 and Transition Group Standard Ref: SMS-GS-BD2

<sup>7</sup> See Contract Management App GSOP Ref: SMS-GSOP-O1-4

<sup>8</sup> See Contract Management App GSOP Ref: SMS-GSOP-O1-4

- S18. Customer requirements, local procedures, the SMS and delegated authority levels will be communicated to all persons working under the control of the organisation with the intent that they are made aware of their obligations and authorities
- S19. A change control process will be implemented to manage changes to contractual requirements (including deviation from the original bid/contract, changes in performance criteria etc.) ensuring they are reviewed, approved by the customer where appropriate, documented, recorded and stored, managed and maintained by the Divisional Contract/Legal team<sup>9</sup>
- S20. The Divisional Contracts/Legal team will advise on, and be involved with, negotiations on customer contracts, key sub-contracts and any subsequent changes or variations and they will manage all resulting contractual documentation such that it is up to date
- S21. The Divisional Legal Representatives will provide or manage the provision of all legal services to each Division and direct the performance of each Division's legal activities and management of legal risk
- S22. All billing to the customer will be accurate and reflect agreed contractual requirements
- S23. Where services are required from sub-contractors, these will be governed by formal contracts in accordance with the Procurement and Supply Chain Group Standard<sup>10</sup>
- 2.3 Service governance**
- S24. A process will be established and implemented to manage risk in service delivery through the implementation of risk management processes by the Contract management team. Risks will be reported to and reviewed by the Contract management team on a regular basis in line with the Risk Management Lifecycle<sup>11</sup>
- S25. The customer will be notified of any risks or issues identified when carrying out activities to meet service delivery requirements which are outside of Serco's control. A record of notifications will be kept and reviewed in line with risk and issues management review processes
- S26. The details of key stakeholders involved with the Contract will be maintained. The management of stakeholders' relationships with Serco will be the responsibility of owners assigned by the Contract Manager
- S27. A communications plan will be developed with all key stakeholders including, as a minimum the customer, employees, employee representative groups, local and national regulatory bodies
- S28. Dynamics will be used as the tool to record Customer Relationship Management (CRM) and organic growth opportunities. Contract Managers will regularly review and update customer and client information on Dynamics and ensure information is shared across the organisation in support of best practice
- S29. Every Contract will hold regular meetings with their customer in accordance with the requirements of their contractual obligations. Where the contract is silent in respect of formal customer meetings, Contract Managers are to arrange to meet with their customer on a monthly basis. Should the customer state that they do not wish to meet this regularly, the frequency at which they are willing to meet will be recorded
- S30. Where an agenda for such meetings is not specified in contract documents, Contract Managers will use a standard agenda template with their customer that, as a minimum, includes the following:
- a. review and agree previous minutes
  - b. review of action tracker
  - c. review of contract deliverables and KPIs
  - d. review of any commercial (such as proposed contract changes) or financial issues (such as financial reports/gain-share)
  - e. review of risks or issues
  - f. Discussion of relevant audit and compliance assurance report findings received by the contract, agreed with the Divisional CEO
- S31. All customer meetings defined above will be minuted, signed by the senior attendee from Serco and, where possible, by the customer, and retained in accordance with document retention requirements<sup>12</sup>

<sup>9</sup> See Contract Management App GSOP Ref: SMS-GSOP-01-4

<sup>10</sup> See Procurement and Supply Chain Group Standard Ref: SMS-GS-PSC1

<sup>11</sup> See Risk Management Group Standard Ref: SMS-GS-RM1

<sup>12</sup> See Document Retention GSOP Ref: SMS GSOP-II1-2

- S32. Where the customer is not willing to meet for whatever reason, or where a meeting does not take place, information relating to the standard agenda will be communicated to the customer in writing for their information and retained in accordance with document retention requirements
- S33. Where a Contract relies on suppliers for critical parts of service delivery, Contract Managers will apply the same level of performance management of critical suppliers to ensure Serco's service delivery is not compromised by poor supplier performance. Periodic supplier performance reviews will be undertaken with formal performance monitoring and improvement plans implemented, where necessary, to avoid risks to the operation
- S34. Business Unit Managing Directors will ensure that their Contract Managers are meeting with their customers in accordance with contractual requirements or this Standard and that any customer issues or significant risks are escalated to Business Unit or Divisional level as appropriate
- S35. A Contract business plan will be agreed with the Business Unit Managing Director. The business plan will consolidate all SMS reporting requirements and include the financial budget, defined deliverables, success measures/KPIs and key milestones. Contract management will monitor delivery and report progress against the plan
- S36. The Contract Manager will agree with the Business Unit Managing Director the frequency or specific triggers to hold a Gate 8 review (Service Delivery, Transformation and Benefits Realisation) to ensure the Contract is delivering its business plan objectives. Gate 8 reviews will be held at least annually
- S37. Gate 8 and other Business Unit Senior Management Team reviews<sup>13</sup> will include a review of potentially morally challenging issues (such as contract or customer demands, activities, behaviours, decisions or other requirements) to ensure they are raised, challenged and addressed in a satisfactory manner
- S38. The first Gate 8 review will take place within six months of Gate 7 and will check that the Contract has started in accordance with the Transition plan<sup>14</sup>
- S39. Subsequent Gate 8 reviews will be held to confirm the Contract's performance in respect of transformation, delivery and benefits realisation when measured against the established business plan. These reviews will be held at appropriate milestones through the operational life, and as a minimum at least annually
- S40. The final Gate 8 review will determine a date for the first Gate 9 (Close – Phase Out/Rebid) which will be timed in accordance with the Contract Close document<sup>15</sup>
- S41. All contract re-bids, extensions, variations or changes where the change entails material changes to scope, volume or risk will follow the requirements of the Bidding Standard<sup>16</sup>
- S42. All incidents (including for the avoidance of doubt general operational, Health & Safety, Environmental, Security incidents and also now Business Integrity and Data Protection Breach incidents) will be reported on ASSURE and investigated in accordance with Incident Reporting and Management GSOP<sup>17</sup> noting the handling requirements for different types of incident. Internal reporting and escalation of incidents should be handled in accordance with this GSOP, unless a more urgent or timelier reporting requirement is specified in local operating procedures, or customer procedures or in the opinion of the local manager the event warrants a more urgent notification. All incidents that could result in an insurance claim must follow the appropriate insurance claims procedure(s) and the Divisional Insurance Lead informed. All Incidents and events will be categorised using the Serco Incident Reporting Scale (SIRS) and reported on internal systems and, in cases where the system does not provide notifications, should be directly communicated with relevant stakeholders.

## 2.4 Insurance

- S43. Appropriate insurance cover will be assessed and provided for physical, personnel and information assets and statutory obligations

<sup>13</sup> See Internal Boards & Committees Group Standard Ref: SMS-GS-G4

<sup>14</sup> See Transition Group Standard Ref: SMS-GS-BD2

<sup>15</sup> See Transition Group Standard Ref: SMS-GS-BD2

<sup>16</sup> See Bidding Group Standard Ref: SMS-GS-BD1

<sup>17</sup> See Incident Reporting & Management GSOP Ref: SMS GSOP-O1-2

- S44. All insurance cover will be provided in accordance with the Insurance Group Standard<sup>18</sup>
- S45. To adequately cover the organisation's potential exposures for insurable events, insurance will be procured and managed as follows:
- a. Group Insurance will purchase and manage all Global and High Risk insurance policies in conjunctions with its insurance brokers and advisors;
  - b. Divisions will purchase and manage local policies (not purchased or managed by Group) with oversight from Group Insurance to ensure value for money and suitable terms and conditions
- S46. Individual customers may specify requirements which differ from existing insurance policy coverage for Serco; these requirements will be discussed with the Divisional Insurance Lead, Group Insurance and their advisors before any commitment is made to a customer
- S47. Serco's exposure under its contracts will be assessed on a case by case basis and consideration given to the extent to which insurance is an appropriate mechanism to manage that exposure
- S48. Contract Managers will ensure that appropriate procedures are in place and records are maintained per requirements within the Insurance Group Standard<sup>19</sup> to ensure insurance cover is not denied or diminished

## 2.5 Litigation and Disputes

- S49. Uninsured legal claims will be managed in a manner which safeguards the interests of Serco (including confidentiality, where applicable) and its employees. All claims and litigation will be properly recorded and reported
- S50. The Divisional Legal Representative will use legal advisers in accordance with local practice to provide additional advice and guidance on litigation and disputes within the Division. The Divisional Legal Representative may delegate responsibilities to others within the Company and otherwise assign work as appropriate

### 2.5.1 Contractual Disputes

- S51. No admission of liability will be made without first appreciating Serco's legal position and then only as advised and directed by Divisional executive management and/or legal representation, consistent with requirements applicable to the business and its representatives
- S52. Summaries of (and other relevant legal claim documentation) all legal claims or litigation against Serco will be forwarded to the appropriate legal and/or insurance representatives of the Company and will be acknowledged only by or under the direction of the appropriate legal and/or insurance representative, with such information handled in a manner as to preserve all legal and other privileges available to Serco and/or the Divisional business
- S53. Contracts and other documents related to the claim (for instance internal and external correspondence in whatever format, records of telephone conversations, email messages etc.) will be maintained and not released or destroyed except as directed by Serco's legal representatives
- S54. Serco's contractual rights and the associated processes to exercise such rights will be defined and understood in conjunction with advice by Serco's legal representatives
- S55. The dispute resolution procedure set out in the contract will be followed and the governing law specified in the contract complied with, with management properly advised of its legal position and given recommendations by Serco's legal representatives
- S56. If a dispute may result in the commencement of legal proceedings, the Divisional Legal Representative will be notified of the dispute and any other significant disputes, without regard to whether a legal proceeding has or is likely to commence
- S57. On receipt of a claim, only an individual nominated by the Divisional Legal Representative will enter into any correspondence directly with the claimant, their legal counsel or any other third party
- S58. In determining whether a claim will be pursued, the Divisional Legal Representative will consider the following (not an exhaustive list):
- a. estimated value of the dispute

<sup>18</sup> See Insurance Group Standard SMS-GS-RM3

<sup>19</sup> See Insurance Group Standard SMS-GS-RM3

- b. complexity of the dispute
- c. prospects of resolving the dispute through commercial negotiations
- d. capability of the employee handling the dispute
- e. extent of legal issues
- f. probability of the matter proceeding to court

S59. This decision will be reviewed periodically as appropriate to the progress of the dispute and any changes thereto

## 2.5.2 Reporting litigation

- S60. A quarterly report on claims and material litigation will be provided to the Group General Counsel, Group CEO and Group COO, the Group plc Board and Divisional Executive Management Team
- S61. Divisions will complete a quarterly report, in January, April, July and October of each year, on litigation involving Serco<sup>20</sup> using form Ref: FC4 - Litigation Report. Such information will be handled in a manner as to preserve all legal and other privileges available to Serco and/or the Divisional business. These reports may be reviewed by the Serco Group plc Audit and Divisional Executive Management Team, subject to the retention of such privileges and other rights

## 2.6 Legal proceedings

### 2.6.1 Serco as Defendant

- S62. Where potential legal action is viewed as 'material' the matter will be notified to the Group General Counsel via the Divisional Legal Representative
- S63. Where an employee only becomes aware of a dispute after legal proceedings have commenced or even after judgment has been entered against Serco then the matter will be referred immediately to the Divisional Legal Representative and, if appropriate, the Group General Counsel

### 2.6.2 Serco as Claimant

- S64. Written approval from the relevant Divisional Legal Representative will be obtained prior to issuing court proceedings against a third party on behalf of a Serco entity
- a. if the matter is considered to be 'de-minimis' then the Divisional Legal Representative can give written approval to issue legal proceedings without referring the matter for Group General Counsel sign-off
  - b. if the matter is considered to be 'material' then, before approving the course of action, the Divisional Legal Representative will refer the matter to the Divisional CEO and discuss with the Group General Counsel
- S65. The decision to proceed will be based on an assessment of:
- a. Serco's prospects of success
  - b. Serco's legal position and the potential risks
  - c. alternative options
  - d. Serco's potential financial exposure

## 2.7 Managing People

- S66. Appropriate resources will be in place to manage and fulfil customer requirements, led by a Contract Manager, including any functional subject matter experts as required
- S67. Management responsibilities, accountabilities and authorities will be defined and documented
- S68. The staffing structure to meet delivery requirements will be:
- a. clearly defined and unambiguous, with every employee having a named manager
  - b. based on defined roles and responsibilities with defined delegated authorities
  - c. in accordance with stated contractual obligations
- S69. Serco employees will be competent (have the necessary knowledge, training and experience) to carry out the role they are required to do. This will be periodically reviewed (as a minimum annually) as part of their performance review process

<sup>20</sup> Use Form FC4 – Litigation Report (SMS by Subject>Governance>Forms & Guidance)



- S70. Induction processes will be developed and implemented for new employees and tailored to their specific role and responsibilities
- S71. A Training Needs Analysis will be completed annually and a plan developed and implemented to address any competency gaps identified
- S72. Employee performance will be supported through performance and development plans<sup>21</sup> including the requirement to attend mandatory/required training for their role. Mandatory training includes the annual Serco Essentials training, any contractually required training and any other training needed to meet operational and regulatory requirements, including Health & Safety<sup>22</sup>
- S73. Attendance, working patterns and hours worked will meet legislative and regulatory requirements
- S74. Workforce demand will be managed to ensure capacity forecasting and succession planning. Regular reviews will be undertaken in order to optimise operational performance

## 2.8 Document management

- S75. Documents and records, including quality manuals and plans will be controlled, handled, stored, reviewed and disposed of, appropriate to their security classification, document type and retention period<sup>23</sup>
- S76. Documentation handled and stored but not owned by Serco will be managed in line with customer contractual requirements
- S77. Processes and responsibilities for the creation, review, approval, maintenance, disposal and control of the various types of documents and records will comply with the Information Integrity and Data Management <sup>24</sup> Group Standard
- S78. Document ownership will be clearly defined where operating procedures or supporting documentation is shared with the customer. Such documents will be appropriately identified and classified to ensure the correct Intellectual Property Rights and Data Classification status are established
- S79. All material documents that govern Serco's contractual relationships, including signed contract documents and variations, formal letters and

relevant meeting minutes, will be provided on an ongoing basis to the Divisional Contract Management/Legal team to be physically held in a safe and secure manner and electronically filed in the Contract Management App. (CMA), or if security requirements dictate, the relevant secure system/storage solution

## 2.9 Measuring and reporting contract performance

- S80. The definition and measurement methodology of customer key performance indicators (KPI's) or metrics will be agreed with the customer and there will be an agreed contract baseline against which performance is measured
- S81. Objectives, priorities, KPIs/metrics and targets will be documented, regularly monitored, periodically reviewed against actual performance and reported to management. This information will be reviewed to provide assurance of its quality and accuracy. Where the quality and accuracy of information is found to be inadequate, measures will be implemented to rectify this
- S82. A process will be established to assess whether the original bid solutions, assumptions and criteria are being realised
- S83. Operating procedures will be defined for handling customer communications, including customer feedback, contract changes, enquiries and customer complaints. These will include how we learn from and improve performance based upon this communication
- S84. Customer satisfaction levels and the achievement of business objectives will be monitored to improve customer advocacy
- S85. A process will be established by the Contracts/Legal Team to manage and resolve escalations, e.g. if service delivery is not meeting agreed requirements
- S86. Any legal proceedings commenced by Serco or against Serco, performance improvement notices, cure notices (or equivalent), or termination notices issued will be escalated promptly and directly to the Divisional CEO and Business Unit Managing Director

<sup>21</sup> See Employee Lifecycle Group Standard Ref: SMS-GS-P1

<sup>22</sup> See Health, Safety & Environment Group Standard Ref: SMS-GS-HSE1

<sup>23</sup> See Document Retention GSOP Ref: SMS-GSOP-II1-2

<sup>24</sup> See Information Integrity and Data Management Group Standard Ref: SMS-GS-II1

- S87. Performance reporting requirements and frequency will be defined, understood and documented to deliver a regular reporting cycle, at least monthly, for both formal and informal reporting. These will be agreed with
- the customer, based on contractual requirements
  - the Business Unit Managing Director, based on Divisional Performance Review (DPR) reporting, CMA system, internal and regulatory reporting requirements
- S88. Business Unit Managing Directors will review their Contracts' performance at least monthly with any exceptional issues reported to the Divisional Executive Management Team

### 2.9.1 Divisional Performance Reviews (DPR)

- S89. Contract performance will be reported using the contract metrics contained in the DPR using the CMA<sup>25</sup>. Contract performance will be reviewed by the Divisional Executive Management Team
- S90. Divisions will report performance monthly using the DPR process which is presented to the Group CEO, COO and CFO by the Divisional CEO and CFO. Divisions are responsible for ensuring that similar reviews are undertaken at the Business Unit and Contract level to support this process<sup>26</sup>
- S91. The DPR will cover, as a minimum, the assessment of performance across a number of perspectives, including Business Development, Customer, Finance, Operations and People. This will enable the business to take decisions to ensure there is a consistent focus on objectives and priorities<sup>27</sup>
- S92. The Divisional CEO will determine the appropriate governance structure to report the required information for the DPR through the Business Unit Senior Management Teams and at the Contract level

#### 2.9.1.1 Contract Performance Reporting

- S93. Contract performance reporting will be used by Contract Managers to provide a monthly assessment of how Serco is performing in meeting Material Obligations and key KPIs using the CMA<sup>28</sup>. This reporting is

mandatory for all Contracts with annual revenues greater than £5m (or equivalent) and for other lower value contracts as determined by the Divisional CEO

- S94. On a monthly basis, Contract Managers will report performance against all material obligations and key KPIs using a Red-Amber-Green-Blue status. Contract Managers will assure themselves that the information reported is timely and accurate
- S95. Reporting will be aggregated up the organisational hierarchy and immediately visible at a Divisional and Group level

### 2.9.2 Contract Review

- S96. The Divisional Business Lifecycle Review Team will conduct contract reviews in order to provide direction and ensure appropriate compliance with Contract Gate governance<sup>29</sup>. These reviews will include Gate 8 reviews which should be carried out annually throughout the operational phase of the contract

## 2.10 Continuous improvement

- S97. Processes will be implemented to measure, monitor and improve service performance. These will include effectiveness and efficiency to drive continuous improvement in the product/services delivered to our customers
- S98. A feedback mechanism will be implemented for Serco employees to provide suggestions for improvement to operations, local procedures and work instructions
- S99. Where improvements have been identified, agreed with the customer and funding is available, plans will be developed to deliver them. Such plans will be monitored and reviewed by Contract and Business Unit management
- S100. Findings and actions raised from audit and compliance assurance activity, or as a result of a service or product failure, will be documented

<sup>25</sup> See Contract Management App SMS-GSOP-01-4

<sup>26</sup> See Internal Boards & Committees Group Standard Ref. SMS-GS-G4

<sup>27</sup> The DPR template can be found within the SMS>SMS by Subject>Governance>Forms & Guidance

<sup>28</sup> See Contract Management App SMS-GSOP01-4

<sup>29</sup> See Internal Boards & Committees Group Standard Ref: SMS-GS-G4

and fed into the management review cycle to facilitate continuous improvement<sup>30</sup>

## 2.11 Community engagement<sup>31</sup>

- S101. The Serco Executive Committee will maintain a corporate responsibility framework for the Group and will monitor performance against the elements within it
- S102. Divisions will consider community engagement and initiatives appropriate to business operations, within their strategic planning process and set objectives and targets for the Division based upon Group objectives and targets, local risks and community engagement opportunities
- S103. Divisions will consider community engagement and initiatives appropriate to business operations, local risks and community engagement opportunities. These will:
- be monitored, recorded and reported on ASSURE
  - demonstrate achievement of benefits to the community and to the business in line with financial commitments and the efforts of our employees
  - enable activities to be reviewed to ensure continuous improvement

## 2.12 Quality management

- S104. Where it is a contracted requirement, local management systems will, in addition to the requirements within the SMS policy framework, fulfil any additional external assessment certification requirements
- S105. Divisions will maintain a list of all external certifications held
- S106. The scope, applicability and suppliers of external certifications will be reviewed annually to ensure they remain relevant and applicable to the business
- S107. Overdue corrective actions which may impact on the ability to maintain certification will be escalated to operational/functional management to

enable corrective or preventative action to be taken and minimise the risk of a major failure (including loss of certification)

- S108. A Quality Plan will be maintained by the Contract which details (or signposts):
- any local operating procedures (management system) adopted by the Contract/site
  - any areas of the SMS not implemented (with appropriate approval from the Divisional CEO<sup>32</sup>)
  - customer/contractual requirements and how the Contract assures the quality of services provided
  - performance management of sub-contractors and suppliers
  - monthly governance arrangements with the customer (meeting cycle and change control processes implemented)
  - customer feedback arrangements
  - Contract compliance activity planned for the year
  - Monthly internal reporting of business performance and escalation procedures for important matters<sup>33</sup>

## 2.13 Monitoring compliance<sup>34</sup>

- S109. Controls will be implemented, and periodically tested, to provide management with assurance that risks are being effectively managed and operations are delivering SMS, customer, legal and regulatory requirements
- S110. Aspects of our operational management system which have or could have resulted in non-compliance will be investigated and corrected at the earliest opportunity
- S111. The Requirements for Contract Management, Function and Business Leaders<sup>35</sup>, capture the requirements from the SMS in one document and will be used as the basis of a Self-Assessment to test compliance with the SMS by Contract Management, Function and Business Leaders
- S112. Following any compliance assurance review, internal or external audit, any findings and actions arising will be completed to improve working

<sup>30</sup> See Compliance Group Standard Ref: SMS-GS-G2

<sup>31</sup> See Community Investment GSOP Ref: SMS-GSOP-01-1

<sup>32</sup> See Internal Boards & Committees Group Standard Ref: SMS-GS-G4

<sup>33</sup> See Internal Boards & Committees Group Standard (Div. Performance Reviews) Ref: SMS-GS-G4

<sup>34</sup> See Compliance Group Standard Ref: SMS-GS-G2 and Compliance Assurance GSOP Ref: SMS-GSOP-GS-1

<sup>35</sup> See 'Requirements' documents within the SMS>SMS by Activity>Contract Management/Business Leader/Function Leader

practices. Any lessons learnt or good practice identified will be shared, as appropriate, to ensure continuous improvement

S113. Plans will be in place which indicate the extent of compliance assurance reviews, internal and external audit activity. All compliance assurance reviews and internal/external audits will be carried out by competent employees and will have the necessary levels of independence

S114. Findings and actions following compliance activity will be reviewed by Contract management, with progress against these reported in line with agreed reporting requirements

### 3 Responsibilities & Accountabilities

S115. The following responsibilities will apply to the delivery of the defined standards. Each responsible person will be held accountable for fulfilling their responsibilities<sup>36</sup>.

#### Group

S116. The Group CEO will appoint a Group Operations Lead responsible for:

- a. developing and maintaining Group Operations policy
- b. ensuring standards and associated procedures and key controls remain fit for purpose, reflect legislative and regulatory requirements and effectively manage operational risks
- c. providing oversight and reporting operational performance

S117. The Group CEO will appoint a Group Corporate Responsibility Lead responsible for:

- a. developing and maintaining the Group CR framework
- b. reporting on CR performance and initiatives

S118. The Group CEO will appoint an Insurance Lead responsible for:

- a. determining all insurance requirements
- b. setting the levels of excess and
- c. placing policies in appropriate markets

#### Division

S119. The Divisional CEO is responsible for:

- a. Appointing Business Unit Managing Directors as appropriate for the Division
- b. implementing policy, standards, procedures and key controls across the division; which may include the development of country/region/divisional procedures and management systems
- c. ensuring procedures and key controls remain fit for purpose, reflect legislative and regulatory requirements and effectively manage operational risks
- d. ensuring appropriate resources are deployed to deliver customer requirements and deliver quality objectives
- e. providing oversight, together with the Divisional Executive Management team<sup>37</sup> and reporting Divisional operational performance

S120. The Divisional CEO will appoint a Lead responsible for:

- a. ensuring individual and team roles, including responsibilities and accountability for community engagement are defined and regularly reviewed to ensure necessary and competent resources are allocated to deliver strategic objectives and plans
- b. reporting on CR performance and delivery of divisional objectives and targets

S121. The Divisional CEO will appoint a Divisional Legal Representative(s) with responsibility for:

- a. Providing written approval prior to issuing court proceedings
- b. providing legal advice on litigation disputes
- c. overseeing contractual disputes and dispute resolution procedure(s)
- d. reporting claims and material litigation to the Executive Management Team

#### Business Unit

S122. The a Business Unit Managing Director is responsible for:

- a. Appointing Contract Manager(s) with appropriate skills and competencies
- b. complying with policy, standards, procedures and key controls; which may include the development of business unit management systems

<sup>36</sup> See Consequence Management Group Standard Ref: SMS-GS-G1

<sup>37</sup> See Internal Boards & Committee Group Standard Ref: SMS-GS-G4

- c. supporting the business deliver its strategic objectives and targets
- d. ensuring appropriate resources are appointed to support the Business Unit to maintain effective customer relationships, manage operational risks, deliver operational and customer objectives and targets
- e. undertaking Business Unit Senior Management Team reviews of Contract activities and requirements
- f. providing oversight and reporting operational performance

- o. measuring customer satisfaction and responding to customer feedback
- p. providing oversight and reporting operational performance on a monthly basis
- q. identifying initiatives to engage with the local community, based on Divisional community engagement objectives and targets and recording this activity on ASSURE
- r. maintaining external certification where it is a contractual requirement
- s. ensuring action plans developed following compliance reviews are completed in agreed timescales

### **Contract**

S123. Contract Managers are responsible for:

- a. complying with SMS policy, standards, procedures and key controls; which may include the development of local operating procedures/work instructions/method statements
- b. retaining evidence of the completion of annual Gate 8 reviews, together with any remedial actions
- c. maintaining effective customer relationships and holding formal monthly meetings with customers
- d. using Dynamics to record customer relationship management and organic growth propositions
- e. agreeing objectives, priorities, performance measures and targets with customers
- f. implementing a change control process for contractual requirements, ensuring any changes are reviewed, approved by the customer, documented and stored in accordance with Divisional Contract Management/Legal team procedures
- g. maintaining integrity of data and the accuracy of information to monitor and report contract performance
- h. Maintaining a Quality Plan
- i. ensuring operations responsibilities are clearly defined
- j. ensuring local controls are in place for providing assurance that operational risks are being effectively managed
- k. recording, reporting and investigating all incidents in accordance with Group procedures
- l. Developing and maintaining a Contract Business Plan
- m. ensuring employees are competent and receive the necessary induction and training to do their job effectively and safely
- n. controlling, storing and retaining documents and records in accordance with document management procedures

### **All employees**

S124. All employees are responsible for:

- a. undertaking training provided and ensuring any mandatory training is kept up to date
- b. following defined procedures, work instructions, method statements and risk assessments
- c. the quality performance of their own areas of control
- d. telling a line manager of any operational concerns

## 4 Processes and Controls

### 4.1 Governance processes and controls

#### Process

A set of related activities that must be carried out to achieve policy outcomes

#### Controls

The action we put in place to mitigate a risk(s) within a key process and/or the delivery of policy outcomes. These are mandated and are the minimum that should be implemented regardless of any local difference

#### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/ function (S123)	All Employees (S124)
P1	Operations responsibilities are defined and understood	↪ C1	<p>A Group Operations Lead is appointed by the Group Chief Executive with responsibility for:</p> <ul style="list-style-type: none"> <li>Developing and maintaining Group operations policy</li> <li>Ensuring standards and associated procedures and key controls remain fit for purpose, reflect legislative and regulatory requirements and effectively manage operational risks</li> <li>Providing oversight and reporting operational performance</li> </ul>	●	○	○	○	○
		↪ C2	<p>A Group Corporate Responsibility (CR) Lead is appointed by the Group CEO with responsibility for:</p> <ul style="list-style-type: none"> <li>developing and maintaining the Group CR framework</li> <li>reporting on CR performance and initiatives</li> </ul>	●	○	○	○	○

### Process

A set of related activities that must be carried out to achieve policy outcomes

### Controls

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### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
↪ C3	<p>A Group Insurance Lead is appointed by the Group CEO with responsibility for:</p> <ul style="list-style-type: none"> <li>determining all insurance requirements</li> <li>setting the levels of excess</li> <li>placing policies in appropriate markets</li> </ul>			<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
↪ C4	<p>The Divisional CEO is responsible for:</p> <ul style="list-style-type: none"> <li>Appointing Business Unit Managing Directors as appropriate for the Division</li> <li>implementing policy, standards, procedures and key controls across the division; which may include the development of country/region/divisional procedures and management systems</li> <li>ensuring procedures and key controls remain fit for purpose, reflect legislative and regulatory requirements and effectively manage operational risks</li> <li>ensuring appropriate resources are deployed to deliver customer requirements and deliver quality objectives</li> <li>providing oversight , together with the Divisional Executive Management team and reporting Divisional operational performance</li> </ul>			<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Process

A set of related activities that must be carried out to achieve policy outcomes

### Controls

The action we put in place to mitigate a risk(s) within a key process and/or the delivery of policy outcomes. These are mandated and are the minimum that should be implemented regardless of any local difference

### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
↻ C5	<p>A Divisional community engagement/responsibility Lead is responsible for:</p> <ul style="list-style-type: none"> <li>ensuring individual and team roles, including responsibilities and accountability for community engagement are defined and regularly reviewed to ensure necessary and competent resources are allocated to deliver strategic objectives and plans</li> <li>reporting on CR performance and delivery of divisional objectives and targets</li> </ul>			<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
↻ C6	<p>A Divisional Legal Representative will be appointed by the Divisional CEO with responsibility for:</p> <ul style="list-style-type: none"> <li>Providing written approval prior to issuing court proceedings</li> <li>providing legal advice on litigation disputes</li> <li>overseeing contractual disputes and dispute resolution procedure(s)</li> <li>reporting claims and material litigation to the appropriate EMT</li> </ul>			<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



### Process

A set of related activities that must be carried out to achieve policy outcomes

### Controls

The action we put in place to mitigate a risk(s) within a key process and/or the delivery of policy outcomes. These are mandated and are the minimum that should be implemented regardless of any local difference

### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
C7	<p>The Business Unit Managing Director is responsible for:</p> <ul style="list-style-type: none"> <li>• Appointing Contract Manager(s) with appropriate skills and competencies</li> <li>• complying with policy, standards, procedures and key controls; which may include the development of business unit management systems</li> <li>• supporting the business deliver its strategic objectives and targets</li> <li>• ensuring appropriate resources are appointed to support the Business Unit to maintain effective customer relationships, manage operational risks, deliver operational and customer objectives and targets</li> <li>• undertaking Business Unit Senior Management Team reviews of Contract activities and requirements</li> <li>• providing oversight and reporting operational performance</li> </ul>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Process

A set of related activities that must be carried out to achieve policy outcomes

### Controls

The action we put in place to mitigate a risk(s) within a key process and/or the delivery of policy outcomes. These are mandated and are the minimum that should be implemented regardless of any local difference

### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
		↻ C8	<div style="border: 1px solid black; padding: 5px;"> <p>Contract Managers are responsible for:</p> <ul style="list-style-type: none"> <li>• complying with SMS policy, standards, procedures and key controls; which may include the development of local operating procedures/work instructions/method statements</li> <li>• retaining evidence of the completion of annual Gate 8 reviews, together with any remedial actions</li> <li>• maintaining effective customer relationships and holding formal monthly meetings with customers</li> <li>• using Dynamics to record customer relationship management and organic growth propositions</li> <li>• agreeing objectives, priorities, performance measures and targets with customers</li> <li>• implementing a change control process for contractual requirements, ensuring any changes are reviewed, approved by the customer, documented and stored in accordance with Divisional Contract Management/Legal team procedures</li> <li>• maintaining integrity of data and the accuracy of information to monitor and report contract performance</li> <li>• Maintaining a Quality Plan</li> </ul> </div>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

### Process

A set of related activities that must be carried out to achieve policy outcomes

### Controls

The action we put in place to mitigate a risk(s) within a key process and/or the delivery of policy outcomes. These are mandated and are the minimum that should be implemented regardless of any local difference

### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
			<ul style="list-style-type: none"> <li>ensuring operations responsibilities are clearly defined</li> <li>ensuring local controls are in place for providing assurance that operational risks are being effectively managed</li> <li>recording, reporting and investigating all incidents in accordance with Group procedures</li> <li>Developing and maintaining a Contract Business Plan</li> <li>ensuring employees are competent and receive the necessary induction and training to do their job effectively and safely</li> <li>controlling, storing and retaining documents and records in accordance with document management procedures</li> <li>measuring customer satisfaction and responding to customer feedback</li> <li>providing oversight and reporting operational performance on a monthly basis</li> <li>identifying initiatives to engage with the local community, based on Divisional community engagement objectives and targets and recording this activity on ASSURE</li> </ul>					

### Process

A set of related activities that must be carried out to achieve policy outcomes

### Controls

The action we put in place to mitigate a risk(s) within a key process and/or the delivery of policy outcomes. These are mandated and are the minimum that should be implemented regardless of any local difference

### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
			<ul style="list-style-type: none"> <li>maintaining external certification where it is a contractual requirement</li> <li>ensuring action plans developed following compliance reviews are completed in agreed timescales</li> </ul>					
		↻ C9	<p>All employees are responsible for:</p> <ul style="list-style-type: none"> <li>Undertaking training provided and ensuring any mandatory training is kept up to date</li> <li>Following defined procedures, work instructions and method statements</li> <li>The quality performance of their own areas of control</li> <li>Telling a line manager of any operational concerns</li> </ul>	○	○	○	○	●
P2	Establish Operations policy	↻ C10	Policy, standards and Group procedures are defined and published	●	○	○	○	○
		↻ C11	Policy, standards and Group procedures are communicated and implemented	●	●	●	●	○

## Process

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## Controls

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## Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
P3	Establish Operations systems and process	➔ C12	An appropriate operations management system with supporting procedures and work instructions is defined, published and communicated to effectively manage all activities and deliver customer requirements and quality criteria	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		➔ C13	Operations systems with supporting procedures and work instructions are periodically reviewed (at least annually) in light of any compliance assessment and audit results, legal and regulatory changes, changing circumstances and the commitment to continual improvement	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
P4	Operations compliance	➔ C14	An operations compliance plan is in place	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		➔ C15	Operations compliance and audit reports with action plans are produced to address non compliance	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		➔ C16	Agreed actions are closed out	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

## 4.2 Key processes and controls

### Process

A set of related activities that must be carried out to achieve policy outcomes

### Controls

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### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description		Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
P5	Delivery of contractual requirements	➔	C17	Operations are represented during all bids, sign off of operational design and when the Contract is transitioning to operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		➔	C18	All material documents that govern Serco’s contractual relationships, including signed contract documents and variations, formal letters and relevant meeting minutes are provided on an ongoing basis to the Divisional Contract Management/Legal Team for safe storage and upload into the CMAApp	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		➔	C19	A clear summary of current contractual requirements are maintained	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		➔	C20	Contracts with an ACV exceeding £5m (or equivalent) use CMA for documentation storage, obligation tracking and performance reporting	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		➔	C21	Contracts with an ACV of between £1m and £5m (or equivalent) use CMA for documentation storage and Performance Reporting	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

### Process

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### Controls

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### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
		↻ C22	Contract management obligations, and assigned ownership, are extracted by the Divisional Legal/Contracts Team and the frequency of reminders is agreed with the Contract Manager	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C23	Objectives, priorities, key performance indicators and targets are agreed with the customer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C24	Each service delivery requirement detailed within the contract is allocated an accountable and appropriately qualified owner	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C25	Customer/contractual requirements are mapped against applicable SMS policies, standards and procedures and whether these are undertaken by the contract team, shared services or sub-contractors/suppliers	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

### Process

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### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
↻	C26		Conflicts between customer requirements and the SMS are resolved in consultation with relevant stakeholders with the outcome documented and approved by the immediate line manager	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
↻	C27		Customer requirements, local procedures, the SMS and delegated authority levels are communicated to all relevant employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
↻	C28		A change control process is implemented and all changes to requirements (including deviation from the original bid/contract, changes in performance criteria etc.) are reviewed, approved by the customer, documented, recorded and stored	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
↻	C29		The Divisional Contracts/Legal team advise on and are involved with negotiations on customer contracts, key sub-contracts and any subsequent changes or variations in contract terms	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
↻	C30		All contractual documentation is managed by the Contracts/Legal team	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>



### Process

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### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
		↻ C31	Legal activities and risks are managed by the Divisional Legal Representative	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C32	Processes and controls are in place to ensure billing to the customer is accurate and reflects contractual requirements	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C33	Formal contracts for sub-contractors are in place	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
	Service Governance	↻ C34	Risk management processes are implemented to ensure risks are reported and reviewed on a regular basis in line with the Risk Management Lifecycle	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C35	The customer is notified of any risks or issues identified which impact on service delivery, with records of notifications held	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C36	Key stakeholders are mapped and owners are defined to manage Serco’s relationship with them	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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### Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
		↻ C37	A communications plan is in place for all key stakeholders including, as a minimum, the customer, employee, employee representative groups, local and national regulatory bodies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C38	A communications plan is in place for all key stakeholders including, as a minimum, the customer, employee, employee representative groups, local and national regulatory bodies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C39	Customer and client information regarding organic growth propositions is maintained on sales management systems (e.g. Dynamics) and reviewed at least annually for accuracy and completeness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C40	Regular meetings are held with customers in accordance with the requirements of their contractual obligations (or at least monthly where the contract is silent in respect of this requirement)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

### Process

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### Controls

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### Responsibility

for ensuring controls are in place and operating effectively

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		↻ C41	Records are maintained where the customer has stated they do not wish to meet monthly, including the frequency at which they are willing to meet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C42	A standard agenda is used for customer meetings and includes as a minimum: <ul style="list-style-type: none"> <li>• review and agree previous minutes</li> <li>• review of action tracker</li> <li>• review of contractual deliverables and KPIs</li> <li>• review of any commercial (such as proposed contract changes) or financial issues (such as financial reports/gain-share)</li> <li>• review of risks or issues</li> <li>• discussion of relevant Audit and compliance assurance findings, agreed with the Divisional CEO</li> </ul>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C43	All customer meetings are minuted, signed by the senior Serco attendee and , where possible, by the customer with key actions captured and retained in accordance with document retention requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

### Process

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### Controls

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### Responsibility

for ensuring controls are in place and operating effectively

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		↻ C44	Where the customer has stated they do not wish to meet, information is communicated to them in writing and retained in accordance with document retention requirements of standard agenda items	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C45	Periodic supplier performance reviews are completed for suppliers providing critical elements of service delivery for the contract, with formal performance monitoring and improvement plans implemented, where necessary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C46	Checks are carried out to ensure that Contract Managers are meeting with their customers in accordance with contractual requirements or this standard and that any customer issues or significant risks are escalated to Business Unit or Division as appropriate	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
		↻ C47	A Contract business plan is agreed with the Business Unit MD and includes the financial budget, defined deliverables, success measures and key milestones	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

## Process

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## Controls

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## Responsibility

for ensuring controls are in place and operating effectively

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		↻ C48	Progress against deliverables and financial budgets is monitored and reported	○	●	○	●	○
		↻ C49	The frequency and triggers of Gate 8 (Service Delivery, Transformation and Benefits Realisation) reviews are agreed with the Business Unit MD and are held at least annually	○	○	○	●	○
		↻ C50	Gate 8 reviews and other Business Unit SMT reviews include a review of potentially morally challenging issues to ensure they are raised, challenged and addressed in a satisfactory manner	○	○	●	●	○
P6	Insurance	↻ C51	Appropriate insurance cover is assessed and provided for physical, personnel and information assets and statutory obligations	●	○	○	○	○
		↻ C52	Appropriate insurance is in place to meet contractual requirements. Individual customers' insurance requirements (which differ from existing insurance policy coverage for Serco) are discussed with Group Insurance and their advisors before any commitment is made to a customer	○	○	○	●	○

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Ref	Description		Ref	Description	Group (S116 – S118)	Division (S119– S121)	Business Unit (S122)	Contract/function (S123)	All Employees (S124)
P7	Legal Proceedings	⇒	C53	Potential legal action viewed as “material” is reported to the Group Company Secretary	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
		⇒	C54	Where an employee only becomes aware of a dispute after legal proceedings have commenced or even after judgment has been entered against Serco the matter is referred immediately to the Divisional Legal Representative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
P8	Contractual Disputes	⇒	C55	No admission of liability is made without the direction of the Divisional executive management and/or Legal representative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
		⇒	C56	Contracts and other documents related to a claim are maintained and not released or destroyed except as directed by Serco’s legal representatives	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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		↻ C57	The dispute resolution procedure set out in the contract is followed and the governing law specified in the contract complied with	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C58	The Divisional Legal Representative is notified of the dispute if it may result in the commencement of legal proceedings	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C59	No correspondence is entered into upon receipt of a claim other than by an individual nominated by the Divisional Legal Representative	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
P6	Resourcing	↻ C60	Appropriate resources are in place to manage and fulfil customer requirements	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C61	Management responsibilities, accountabilities and authorities are defined and documented	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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⇒	C62		<p>The staffing structure to meet delivery requirements is:</p> <ul style="list-style-type: none"> <li>clearly defined and unambiguous, with every employee having a named manager</li> <li>based on defined roles and responsibilities with defined delegated authorities</li> <li>in accordance with stated contractual obligations</li> </ul>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
⇒	C63		<p>Employees are competent (have the necessary knowledge, training and experience) to carry out their role and competence is reviewed (minimum annually) as part of their performance review process</p>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
⇒	C64		<p>Induction processes are implemented for new employees and tailored to their specific role and responsibilities</p>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>



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		↻ C65	A Training Needs Analysis is completed annually and all mandatory training is kept up to date and periodic refresher training is undertaken where required, with records maintained	●	●	●	●	○
		↻ C66	Employee performance is supported through performance and development plans	●	●	●	●	○
		↻ C67	Attendance, working patterns and hours worked meet legislative and regulatory requirements	●	●	●	●	○
		↻ C68	Regular reviews of workforce demand are undertaken to optimise operational performance	●	●	●	●	○
P7	Document Management	↻ C69	Documents and records, including quality manuals and plans are controlled, handled, stored, reviewed and disposed of, appropriate to their security classification, document type and retention period	○	●	●	●	○

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		↻ C70	Documents handled and stored but not owned by Serco are managed in line with customer contractual requirements	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C71	Processes and responsibilities for the creation, review, approval, maintenance, disposal and control of documents and records comply with the Information Integrity and Data Management Group Standard	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C72	Document ownership is clearly defined where operating procedures or supporting documents are shared with the customer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C73	Where documents are shared with the customer, ownership is clearly defined and they are correctly classified	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
P8	Measuring and reporting contract performance	↻ C74	The definition and measurement methodology of customer KPIs or metrics is agreed with the customer					
		↻ C75	A contract baseline is agreed with the customer, against which performance is measured					

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↻	C76		Performance against objectives, priorities, KPIs/metrics and targets is documented, regularly monitored, periodically reviewed against actual performance and reported to management	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
↻	C77		A process is in place to assess whether the original bid solutions, assumptions and criteria are being realised	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
↻	C78		Operating procedures define how the contract handles and monitors customer communications, including customer feedback, contract changes, enquiries and customer complaints, including how the contract uses this feedback to learn from and improve performance based upon this communication	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
↻	C79		Customer satisfaction levels and the achievement of business objectives are monitored to improve customer advocacy	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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↻	C80		Contract performance is monitored with lead and lag measures defined within a set of KPI's to meet contractual and internal divisional reporting requirements	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
↻	C81		The definition and measurement methodology of customer KPI's is agreed with the customer and there is an agreed Contract baseline against which performance is measured	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
↻	C82		A process is established to regularly review performance against financial budgets, objectives, KPIs and targets and contract deliverables, whether delivered by the Contract team, shared services or sub-contractors/suppliers	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
↻	C83		The Contracts/Legal Team manage and resolve escalations e.g. where service delivery is not meeting agreed requirements	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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		↔ C84	Any legal proceedings, performance improvement notices, cure notices (or equivalent), or termination notices issued are escalated directly to the Divisional CEO and Business Unit MD	○	●	●	●	○
		↔ C85	Performance reporting requirements and frequency are agreed with the customer and Business Unit MD, defined, understood and documented to deliver a regular reporting cycle (at least monthly) for both formal and informal reporting	○	○	○	●	○
		↔ C86	Contract performance is reported monthly via the DPR process	○	○	○	●	○
		↔ C87	Business Unit MDs review contract performance at least monthly, with any exceptional issues reported to the EMT					
		↔ C88	Contract performance is reported using contract metrics contained in the DPR using the CMAApp	○	○	○	●	○

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		↻ C89	Divisions report performance monthly using the DPR process, using performance information derived from Business Units and Contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C90	DPRs cover, as a minimum, the assessment of performance against Business Development, Customer, Finance, Operations and People metrics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C91	Contract Managers report timely and accurate performance monthly on all material obligations and key KPIs using a RAGB status	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C92	Contract Reviews are conducted by the Business Lifecycle Review Team to ensure appropriate compliance with Contract Gate governance. These reviews include annual Gate 8 reviews	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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P9	Continuous Improvement	↔ C93	Processes are implemented to measure, monitor and continuously improve service performance. These include effectiveness and efficiency to drive continuous improvement in the product/services delivered to customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↔ C94	Feedback mechanisms are implemented for Serco employees to provide suggestions for improvement to operations, local procedures and work instructions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↔ C95	Findings and actions raised from compliance assurance activity, or as a result of a service or product failure, are documented and fed into the management review cycle to enable continuous improvement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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		↔ C96	<p>A Quality Plan is maintained by the Contract which details (or signposts):</p> <ul style="list-style-type: none"> <li>any local operating procedures (management system) adopted by the Contract/site</li> <li>any areas of the SMS not implemented (with approval from the Divisional CEO)</li> <li>customer/contract deliverables and how the Contract assures the quality of services provided</li> <li>performance management of sub-contractors and suppliers</li> <li>governance arrangements with the customer (meeting cycle and change control processes implemented)</li> <li>customer feedback arrangements</li> <li>Contract compliance activity planned for the year</li> </ul> <p>Monthly DPR arrangements and signposting to information</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
P10	Community Engagement	↔ C97	<p>A corporate responsibility framework for the group is maintained, with performance monitored</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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		↻ C98	Divisional corporate responsibility (including community engagement) objectives and targets are set and monitored in line with strategic priorities	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
		↻ C99	Divisions review and report community engagement activity and performance, including delivery of their objectives and targets	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
		↻ C100	Initiatives have been identified to engage with the local community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C101	Community engagement is monitored, recorded and reported on ASSURE	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
P11	Quality Management	↻ C102	Local operating procedures/work instructions are implemented and periodically reviewed and updated to reflect changing needs and any changing Legal/regulatory requirements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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		↻ C103	External assessment certification requirements are fulfilled where this is a contracted requirement	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		↻ C104	A list is maintained of all external certifications held	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
		↻ C105	The scope, applicability and suppliers of external certifications are reviewed annually	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
		↻ C106	Overdue corrective actions which may impact on the ability to maintain certification are escalated to operational/functional management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
P12	Monitoring Compliance	↻ C107	Controls are implemented, and periodically tested, to provide management with assurance that risks are being effectively managed and operations are delivering SMS, customer, legal and regulatory requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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		➔ C108	Following compliance assurance reviews, internal or external audits, any findings and actions arising are completed within agreed timescales	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		➔ C109	The 'Requirements for Contract Management, Function and Business Leaders' documents are referenced and used as the basis to test compliance with the SMS and any areas of non-compliance highlighted are included in an action plan for completion	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
		➔ C110	Lessons learnt from process, audit, compliance and quality reviews/assessments are implemented to improve working practices	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

## 5 Supporting documentation and guidance

The following should be read in conjunction with this standard:

Ref	Document
SMS-GS-II1	Information Integrity & Data Management Group Standard
SMS-GS-RM1	Risk Management Group Standard
SMS-GS-RM3	Insurance Group Standard
SMS-GS-P1	Employee Lifecycle Group Standard
SMS-GS-G1	Consequence Management Group Standard
SMS-GS-G2	Compliance Group Standard
SMS-GS-G4	Internal Boards and Committees Group Standard
SMS-GS-BD1	Bidding Group Standard
SMS-GS-BD2	Transitions Group Standard
SMS GSOP II1-2	Document Retention GSOP
SMS GSOP O1-1	Community Investment GSOP
SMS GSOP O1-2	Incident Reporting & Management GSOP
SMS-GSOP-O1-4	Contract Management App GSOP

## 6 Definitions

Term	Definition
<b>Accountability</b>	Being accountable means being not only responsible for something but also answerable for your actions.
<b>Responsibility</b>	<p>A responsible person is the individual who completes the task required. Responsibility can be shared and delegated.</p> <p>All responsible persons will also be accountable for completing tasks effectively. Non-compliance will have consequences which may include disciplinary action as defined within the Consequence Management Group Standard.</p>
<b>Group</b>	Serco Group plc is the administrative centre of the organisation, responsible for setting corporate strategy, defining governance requirements and supporting the business in its day to day operations
<b>Division</b>	The Group will define a set of business divisions which will be responsible for business delivery within a defined set of markets or geographies.

<b>Business Unit</b>	<p>A Business Unit is a cluster of contracts which provide a similar service e.g. Health, Defence, Transport etc.</p> <p>Where appropriate, a separate legal entity wholly owned or where Serco has a controlling share may also be referred to as a Business Unit, where appropriate.</p> <p>This may also refer to Counties/Territories</p>
<b>Business Lifecycle Review Team</b>	<p>The Team led by the Divisional CEO and composed of people who together have the collective competency, experience and expertise to provide direction and lead each opportunity through its lifecycle, whilst ensuring appropriate governance and Gate authorisation</p>
<b>Contract</b>	<p>A Contract provides specified requirements to a customer (either directly with Serco or to a consortium/Joint Venture in which Serco is a party)</p> <p>A Contract will also refer to a corporate/functional area.</p> <p>Corporate/functional areas are functions which support the business and they include finance, HR, procurement etc.</p>
<b>Contract Manager</b>	<p>This refers to a manager with responsibility for managing the performance of a contract and can include a Contract Manager on a day-to-day basis (or Operational Manager with devolved responsibility), a Contract Director, Partnership Director and/or a Business Unit Managing Director</p>

## 7 Further information and support

If you require any further information or support regarding this Group Standard, or if you have any suggestions for improvement, please contact the Accountable Policy Owner (Group) or email [sms@serco.com](mailto:sms@serco.com)